

WHAT THE PANDORA PAPERS MEAN FOR THE UNITED STATES

HOW THE BIDEN ADMINISTRATION AND CONGRESS MUST RESPOND

SUMMARY

The largest exposé of global financial data in history is revealing how the world's elite, including hundreds of political leaders responsible for transparency laws, use the secretive "offshore industry" to conceal their assets and grow their personal wealth. Dozens of prominent individuals are named in the [Pandora Papers](#), including 35 current and former country leaders, as well as celebrities and corporate leaders.

Like the [Panama Papers](#) before it, affluent Americans are again largely absent from the leaks. But unlike the Panama Papers, the Pandora Papers expose how **the United States plays a central role in the story** by operating as one of the world's leading secrecy

jurisdictions and playing host to a highly specialized group of "enablers" who help the world's elite move, hide, and grow their money.

By welcoming so much of the world's "offshored" money, the U.S. does and will continue to contribute to the global wealth drain that leaves countries struggling to pay for critical government services and rationing access to medicines, clean water, electricity, and more. It also introduces serious risks to U.S. national security, a threat discussed in a recent Biden Administration [memorandum](#) elevating the fight against corruption, including efforts to "redu[ce] offshore financial secrecy," to a core national security interest.

HOW THE U.S. PLAYS A CENTRAL ROLE IN GLOBAL SECRECY AND CORRUPTION



[A Catholic order](#), disgraced by an international pedophilia scandal, secretly held nearly \$300 million in U.S. real estate and other assets through a network of trusts and an investment company in Florida. The funds were amassed at the same time victims of the sexual abuse were seeking compensation for the harm.



Jho Low, an adviser to the former Prime Minister of [Malaysia](#), used affiliates of a U.S. law firm to assemble and consult a network of companies, despite Low fitting the "textbook definition" of a high-risk client, [according to](#) ICIJ. Low went on to use his companies to help steal \$4.5 billion from Malaysia's public investment fund in one of "the world's biggest-ever financial frauds," known as 1MDB.



American states such as [South Dakota, Nevada, Delaware, Florida, and New Hampshire](#) have [emerged as global hotspots](#) for those seeking to hide their assets and minimize their tax burdens. In total, the Pandora Papers revealed 206 U.S.-based trusts in 15 different states that held assets of more than \$1 billion, "including nearly 30 trusts that held assets linked to people or companies accused of fraud, bribery, or human rights abuses." Trusts continue to thrive as go-to vehicles for ill-gotten and tainted wealth precisely because they are not subject to meaningful government transparency and oversight rules.



HOW THE BIDEN ADMINISTRATION AND CONGRESS MUST RESPOND

The Biden Administration and U.S. Congress must respond by closing the loopholes that allow such notorious exploitation of the American financial system and complicity from American enablers:

- 1. Ensure trusts are covered by the Corporate Transparency Act (CTA) rulemaking.** The Biden Treasury Department has the opportunity [right now](#) to help close the secrecy loophole for trusts by issuing a rule implementing the landmark Corporate Transparency Act that requires all trusts not expressly exempted in the law to report their true owners.
- 2. Expand—and make permanent—anti-money laundering rules for real estate.** The Biden Treasury Department currently requires title insurance agents in select U.S. jurisdictions to collect beneficial ownership information for companies that purchase residential property above certain thresholds using all cash. The Biden Treasury must now use its existing authority to expand these “Geographic Targeting Orders” (GTOs) to apply in every city and town in the U.S., must make the program permanent, must eliminate the dollar threshold, and must consider covering commercial property as well.
- 3. Require U.S. “enablers” to perform full due diligence on their prospective clients.** The Biden Treasury Department must use its existing authority to require real estate agents and investment advisers to perform full due diligence checks on all prospective clients, and Congress must pass a law requiring attorneys and others involved in corporate formation and financial activities for clients to do the same.
- 4. Eliminate the trusts loophole in the CTA.** Congress can remove the express exemption provided to charitable and split-interest trusts to help ensure that all types of trusts used in the U.S. are covered by the law.